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October 18, 2004

Ms. Marlene Dortch, Secretary  
Federal Communication Commission  
445 12<sup>th</sup> St., S.W.  
Washington, DC 20554

RE: **EX PARTE PRESENTATION**  
**CC Docket Nos. 93-193 and 94-65**

Dear Ms. Dortch:

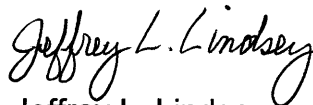
On October 15, 2004, Dick Juhnke and the undersigned, on behalf of Sprint Corporation, met with Deena Shetler, Judy Nitsche, Julie Saulnier and Raj Kannan of the Wireline Competition Bureau's Pricing Policy Division. The parties discussed the use of market share proxies to be used by the price-cap ILECs who will ultimately issue Commission-mandated refunds to IXC's, and to a lesser extent, end-users, in the above-referenced dockets.

Specifically, Sprint communicated that publicly available nationwide IXC toll revenue market share, which in 1993 and 1994 was highly co-related to per minute of use switched access charges, is a superior proxy to the presubscribed access line market share proxy proposed by at least one price-cap ILEC in this docket. Presubscribed access lines offer little co-relation to per-minute switched access charges and, therefore, should not be used as a basis for determining IXC market share for refund purposes.

The attached documents were discussed during our meeting and provide an example of the market share differences between toll revenue market share and presubscribed access line market share for the three largest IXC's from 1993 through 1996.

This notice is being filed electronically.

Respectfully submitted,

  
Jeffrey L. Lindsey

cc: Deena Shetler  
Judy Nitsche  
Julie Saulnier  
Raj Kannan

# Presubscribed Access Lines are not an Acceptable Replacement for Usage-Based Switched Access Records

- SBC Refund Plan proposes use of access line market share as a surrogate for switched access market share.
- Access lines are independent of ILEC switched access and IXC toll revenues.
- During the 1993-4 access tariff period, ILEC switched access services and IXC toll revenues were derived almost exclusively from per-minute usage charges.
  - High degree of co-relation between ILEC switched access and IXC toll revenues.
- Therefore, IXC toll revenue market share is a more appropriate surrogate than access line market share.
  - Even a national average toll revenue market share will more closely approximate switched access revenues than ILEC specific access line market share.
- Utilizing IXC toll revenue market share will not affect total ILEC liability, but will more closely align carrier-specific refunds than using access line market share.

**Sprint Corporation**  
**Presubscribed Lines are Not an Acceptable Replacement for Usage Based Switched Access Records**

	<u><b>Sprint</b></u>			<u><b>AT&amp;T</b></u>			<u><b>MCI/Worldcom</b></u>		
	Market Share of Presubscribed	Market Share of Toll	<u><b>Ratio</b></u>	Market Share of Presubscribed	Market Share of Toll	<u><b>Ratio</b></u>	Market Share of Presubscribed	Market Share of Toll	<u><b>Ratio</b></u>
	<u><b>Lines</b></u>	<u><b>Revenues</b></u>		<u><b>Lines</b></u>	<u><b>Revenues</b></u>		<u><b>Lines</b></u>	<u><b>Revenues</b></u>	
<b>1993</b>	6.78%	10.00%	1.47	69.89%	58.10%	0.83	16.56%	19.70%	1.19
<b>1994</b>	6.63%	10.10%	1.52	68.64%	55.20%	0.80	16.69%	20.70%	1.24
<b>1995</b>	6.58%	9.80%	1.49	64.57%	51.80%	0.80	17.95%	24.60%	1.37
<b>1996</b>	7.40%	9.70%	1.31	61.40%	47.90%	0.78	16.82%	25.40%	1.51

Sources: Lines from the NECA reported Presubscribed Lines by LEC - (Presubscribed lines by carrier divided by total lines less the toll restricted lines)  
Toll Revenues as reported on Table 10.8 in the FCC Study on Telephone Trends